



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm 403, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

June 29, 1998

RUTH HEILIZER
FEDERAL ELECTIONS COMMISSION
999 E ST NE
SUITE 643
WASHINGTON DC 20463

Dear Ms. Heilizer:

MUR 4093/4737

Enclosed is a copy of the order as a result of the enforcement hearing held against the Washington State Republican Party. As we discussed today, this is only part of the entire case.

In addition to the settlement agreement and order, our Commissioners found no violation in regards to use of exempt funds for slate cards, and was split 2-2 on the use of exempt funds for surveys and polls.

The matter of the use of exempt funds for the "issue" ad critical of Gary Locke was referred to the Office of the Attorney General for court action.

I hope this is of help to you. If you have further questions, please feel free to call me.

Sincerely,

Susan Harris
Assistant Director
Compliance and Enforcement

**BEFORE THE PUBLIC DISCLOSURE COMMISSION
STATE OF WASHINGTON**

NO. 97-269

**IN THE MATTER OF ENFORCEMENT
ACTION AGAINST**

**WASHINGTON STATE
REPUBLICAN PARTY,**

**STIPULATION OF
VIOLATIONS AND PENALTIES**

Respondent.

Public Disclosure Commission Enforcement Staff (Staff) and the Respondent, Washington State Republican Party (Party) have already stipulated to facts as they prepare for the hearings set for June 23 and 24, 1998. Those stipulated facts are incorporated by reference into this Stipulation and provide the factual bases for the stipulated violations and proposed penalties below. Based upon the factual record, and in response to the Commission's directives to narrow the issues to be presented at the June 23, 24, 1998 hearing, the Staff and the Party recommend that the Commission adopt the violation stipulation and accept the proposed penalties for those violations.

STIPULATED VIOLATIONS:

Staff and Party stipulate to the following violations of chapter 42.17 RCW should the Commission choose to adopt them by way of a Final Order. By stipulating to the violations, neither Staff nor the Party intend to prevent the Commission from rejecting all or any part of the stipulated violations or proposed penalties. By stipulating to the violations, neither Staff nor the

- 1 Party intend to prevent the Commission from referring all or any part of the charged violations to
2 the Attorney General's Office for civil remedies and potentially-higher penalties under chapter
3 42.17 RCW. Any stipulated violation rejected by the Commission and referred to the Attorney
4 General's Office shall no longer be subject to the stipulations or proposed penalties listed below.
5 All stipulated violations and proposed penalties are, for the purposes of the violation stipulation,
6 non intentional but are the result of Party staff's misunderstandings of public disclosure laws,
7 failure of the Party's pre-existing internal accounting systems to adequately track the volume of
8 1996 activity, or miscommunication between Party staff and vendors.
- 9 1. The Party's payment of \$24,000 to Dave Mortenson and Associates on October 30,
10 1996 from its exempt contributions account (See, Stipulation of Facts, page 6, lines 4-
11 18) violated RCW 42.17.640.
 - 12 2. The Party's payment of \$2500 to Polis Political Services, Inc. on January 10, 1996 for
13 consulting services and \$500 for a survey in the 18th Legislative District from its
14 exempt contributions account (See, Stipulation of Facts, page 11-14) violated RCW
15 42.17.640.
 - 16 3. The Party's payment of \$1800 to Polis Political Services, Inc. for a survey of the 22nd
17 Legislative District from its exempt contributions account (See, Stipulation of Facts,
18 pages 13-14, lines 25-18) violated RCW 42.17.640.
 - 19 4. The Party's acceptance of \$12,500 from The Speakers Roundtable; \$10,000 from the
20 Senate Leadership Fund; and \$10,000 from the Leadership Council (See, Stipulation
21 of Facts, pages 19-20, lines 24-11) exceeded contribution limits and violated RCW
22 42.17.640.
 - 23 5. The Party's payment of \$84,000 from its exempt contributions account to The
24 Speakers Roundtable for its direct-mail program, while based on Kim Martin's
25 representations and in reliance on Staff Quick Reference Sheets (See, Stipulation of
26 Facts, pages 22-23, lines 7-4) violated RCW 42.17.640.

- 1 6. The Party's payment of \$2,000 on May 23, 1997 from its exempt contributions
2 account to the Capitol Fund (See, Stipulation of Facts, page 23, lines 6-9).violated
3 RCW 42.17.640.
- 4 7. The Party's payment to Don Benton (See, Stipulation of Facts, page 17, line 22)
5 exceeded the 17th Legislative District contribution limit by \$7,065.35 and violated
6 RCW 42.17.640.
- 7 8. The Party's payment to Steve Hargrove (See, Stipulation of Facts, page 17, line 23)
8 exceeded the 23rd Legislative District contribution limit by \$3,677.43 and violated
9 RCW 42.17.640.
- 10 9. The Party's in-kind contribution to Grant Pelesky (See, Stipulation of Facts, page 17,
11 line 24) exceeded the 25th Legislative District contribution limit by \$10,626.34 and
12 violated RCW 42.17.640.
- 13 10. The Party's amended post-election C-4 report untimely reported orders placed (See,
14 Stipulation of Facts, page 23, lines 12-18) violating RCW 42.17.080 and RCW
15 42.17.090.
- 16 11. The Party's non-reporting to 10 candidates of expenditures made on their behalf
17 during the 21-days preceding the 1996 general election (See, Stipulation of Facts,
18 pages 23-24, lines 22-15) violated RCW 42.17.105.
- 19 12. The Party's reporting of transfers to its federal account should have included greater
20 detail (See, Stipulation of Facts, page 17, lines 9-17) and violated RCW 42.17.080
21 and RCW 42.17.090.

22 PROPOSED PENALTIES:


- 23 1. The Party will pay a \$5000 penalty to the Commission within 5 working days of the
24 Commission's Order accepting this proposed penalty.
- 25 2. The Party will pay \$1,000 in Staff attorney's fees within 5 working days of the
26 Commission's Order accepting this proposed penalty.

- 1 3. The Party will reimburse \$147,300 from its non-exempt contributions account into its
2 exempt contributions account. The Party will reimburse the funds according to the
3 following payment structure. The Party will reimburse \$94,000 within 5 working
4 days of the Commission's Order accepting this proposed penalty. The Party will
5 provide staff with written documentation of the account transfer. At the end of each
6 following month, until March 31, 1999, the Party will reimburse 5% of the prior
7 month's total deposits into its non-exempt contributions account (or \$2500 whichever
8 is greater) into its exempt contributions account and provide written documentation to
9 Staff. Any amount remaining to reimbursed from the non-exempt contributions
10 account to the exempt contributions account, under the terms of this proposed
11 penalty, on March 31, 1999 shall be transferred in full by April 1, 1999. Staff agrees
12 to provide Staff interpretation to the Party, within thirty working days of the of the
13 Commission's Order accepting this penalty proposal, regarding the applicability of
14 the session-freeze to this time-period and whether legislators may assist in Party
15 fundraising during this period.
- 16 4. The Party will provide a half-day training course before the 1998 elections to County
17 and Legislative District Party staff. The training course will include presentations by
18 Staff and will focus on complying with chapter 42.17 RCW. Further details of the
19 training course will be agreed upon by the Party and the Staff.
- 20 5. The Party and Staff will consult to reach a coordinated and agreed upon format for
21 reporting transfers to its federal account.
- 22 6. The Party agrees to design and complete an internal compliance manual to assist
23 Party staff in complying with campaign-finance laws..
- 24 7. The Party agrees to computerize it's internal accounting controls to ensure timely and
25 accurate reporting and monitoring of contributions accepted and expenditures made.
26


- 1 8. The Party agrees to establish internal protocol to improve communication between
2 political and accounting staff relating to compliance with chapter 42.17 RCW.
3 9. The Party agrees to immediately begin an interview process aimed at retaining a part-
4 time campaign-finance law compliance specialist.

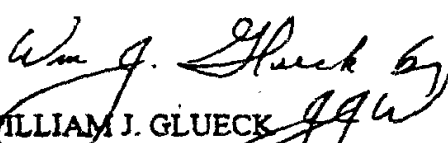
5 Agreed and Jointly-Presented to the Commission this 12th day of June,

6 CHRISTINE O. GREGOIRE
7 Attorney General

8 
9 STEPHEN T. REINMUTH
10 Assistant Attorney General
11 Attorneys for Public Disclosure Commission
12 Enforcement Staff

13 LIVENGOOD, CARTER, TJOSEEM,
14 FITZGERALD & ALSKOG, LLP

15 
16 JOHN J. WHITE, JR.
17 Attorney for Respondent
18 Washington State Republican Party
19 APPEL & GLUECK, P.C.

20 
21 WILLIAM J. GLUECK
22 Co-Counsel for Respondent
23 Washington State Republican Party
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5 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
6 **STATE OF WASHINGTON**

7 NO. 97-268

8 **IN THE MATTER OF ENFORCEMENT**
9 **ACTION AGAINST**

10 **WASHINGTON STATE**
11 **REPUBLICAN PARTY,**

ORDER FINDING VIOLATIONS
AND ASSESSING PENALTIES

12 Respondent.

13 The Commission adopts the following stipulated violations and penalties by unanimous
14 vote on June 16, 1998.

15 **STIPULATED VIOLATIONS:**

16 Staff and Party stipulate to the following violations of chapter 42.17 RCW. By
17 stipulating to the violations, neither Staff nor the Party intend to prevent the Commission from
18 rejecting all or any part of the stipulated violations or proposed penalties. By stipulating to the
19 violations, neither Staff nor the Party intend to prevent the Commission from referring all or any
20 part of the charged violations to the Attorney General's Office for civil remedies and potentially-
21 higher penalties under chapter 42.17 RCW. Any stipulated violation rejected by the Commission
22 and referred to the Attorney General's Office shall no longer be subject to the stipulations or
23 proposed penalties listed below. All stipulated violations and proposed penalties are, for the
24 purposes of the violation stipulation, non intentional but are the result of Party staff's
25 misunderstandings of public disclosure laws, failure of the Party's pre-existing internal
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1 accounting systems to adequately track the volume of 1996 activity, or miscommunication
2 between Party staff and vendors.

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- 20 8. The Party agrees to establish internal protocol to improve communication between
21 political and accounting staff relating to compliance with chapter 42.17 RCW.
- 22 9. The Party agrees to immediately begin an interview process aimed at retaining a part-
23 time campaign-finance law compliance specialist.

1 Entered by Direction of the Commission on this 23rd day of June,

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4 MELISSA A. WARHEIT

5 Executive Director

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